

Bond issuance by the Texas Public Finance Authority

HB 1013 by Romo (Barrientos)

- DIGEST:** HB 1013 would have given the Texas Public Finance Authority (TPFA) exclusive authority to issue bonds for the Texas Department of Commerce (TDOC) and the Texas Agricultural Finance Authority (TAFA). The bill would also have required TPFA to make an effort to use historically underutilized businesses for services and supplies connected with issuing bonds and to submit an annual report to the governor detailing its use of historically underutilized businesses.
- GOVERNOR'S REASON FOR VETO:** "House Bill 1013 would impose another layer of bureaucracy upon the Texas Agricultural Finance Authority and the Texas Department of Commerce by requiring them to present their bond programs to the Texas Public Finance Authority who would then make presentations to the Bond Review Board. Currently, both agencies present their bond programs directly to the Bond Review Board. This legislation is unnecessary and will result in additional costs and delays to the citizens of Texas."
- RESPONSE:** Rep. Sylvia Romo, the author of HB 1013, said: "There is a misunderstanding as to what this bill did. It streamlined bond issuance procedures, reduced bureaucracy and lowered taxpayer costs. The bond business is very political, and putting politics aside, the state could save considerable money by consolidating the sale of state bonds in one agency. Currently, some bonds are being issued at the high rate of \$40 per \$1,000, while the Texas Public Finance Authority has an average rate of \$0.72 per \$1,000. The data shows that it is more cost effective to consolidate state bond issuance under TPFA because of the economy of scale and staff expertise.
- "I will resubmit this bill next session and include all state agencies except the University of Texas at Austin and Texas A&M University because they have the in-house expertise to issue their own bonds at reasonable costs. Things are improving: Last session the bill did not get out of committee, this session it got to the governor's desk, and next session I feel we can put politics aside and finally save the taxpayers money."
- NOTES:** HB 1013 was analyzed in Part Three of the April 26 *Daily Floor Report*.